

Message Text

CONFIDENTIAL

PAGE 01 LONDON 03158 241813Z

ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04
ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01
SIL-01 /101 W

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 0940

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

C O N F I D E N T I A L LONDON 03158

E.O. 11652: XGDS-1

TAGS: ETRD, GATT, EEC, UK

SUBJECT: MFA RENEWAL

REF: (A) STATE 38558; (B) EC BRUSSELS 1664

1. ON FEBRUARY 24 E/C MIN CALLED ON MICHAEL BUTLER, THE SENIOR ECONOMIC OFFICER AT THE FOREIGN OFFICE, TO DISCUSS MFA RENEWAL. HUGH ARBUTHNOTT, HEAD OF FCO'S EUROPEAN INTEGRATION (EXTERNAL) DEPARTMENT. SAT IN ON THE MEETING.

2. AFTER GIVING BUTLER A BACKGROUND PAPER BASED ON CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 03158 241813Z

REFTEL, E/C MIN STRESSED THREE POINTS:

A. TRYING TO DO SOMETHING OTHER THAN RENEW THE AGREEMENT WOULD LEAD TO A STRUGGLE WITH THE LDCS AND COULD ENCOURAGE PROTECTIONIST APPETITES IN DEVELOPED COUNTRIES.

B. IT WOULD BE UNFORTUNATE, IN THE NORTH-SOUTH CONTEXT, TO CREATE A NEW ISSUE OUT OF TEXTILES, A SUBJECT WHICH HAS UP TO NOW BEEN REGARDED AS SETTLED.

C. THE COMMUNITY HAS NOT MADE GOOD USE OF THE AGREEMENT AS IT STANDS; IT APPEARS POSSIBLE TO TAKE CARE OF MANY EC CONCERNS WITHIN THE FRAMEWORK OF THE EXISTING AGREEMENT.

2. BUTLER RESPONDED THAT THEY WERE POWERFUL ARGUMENTS. HE NOTED THAT THE FCO HAS FOUGHT PROTECTIONIST MEASURES OVER THE LAST YEAR WITH SUCCESSFUL RESULTS ON THE WHOLE. IN THE LONG RUN THE SOLUTION WOULD BE FOUND THROUGH RECOVERY OF THE WOVEY ECONOMY DUE TO EFFORTS SUCH AS THOSE BEING MADE BY THE US GOVERNMENT AND THOSE THAT WILL COME OUT OF THE ECONOMIC SUMMIT. HOWEVER, THE DEPARTMENTS OF TRADE AND INDUSTRY, THE ONES PRIMARILY CONCERNED, MADE A CONVINCING CASE THAT WITHOUT SOME SORT OF CUMULATIVE DISRUPTION CLAUSE, A LARGE PART OF THE UK TEXTILE INDUSTRY WILL GO OUT OF BUSINESS IN A YEAR OR SO. THEY ALSO SUCCESSFULLY ARGUED THAT A 6 GROWTH RATE FOR HIGHLY COMPETITIVE EXPORTING COUNTRIES IS TOO LARGE IN RELATION TO GROWTH OF THE UK MARKET. THEREFORE, MINISTERS DECIDED TO SEEK TO GET THE COMMUNITY TO PRESS FOR REVISION OF THE MFA, PRIMARILY TO GET A CUMULATION CLAUSE AND PROVISION FOR DIFFERENTIATED GROWTH RATES. BUTLER ADMITTED THAT THERE IS STILL SOME RESISTANCE WITHIN THE COMMUNITY TO THIS LINE, MAINLY FROM THE GERMANS.

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PAGE 03 LONDON 03158 241813Z

3. ARBUTHNOTT SAID A CHANGE IN THE BRITISH GOVERNMENT POSITION WOULD BE EXTREMELY DIFFICULT. FOR A LONG TIME BRITISH INDUSTRY HAS BEEN DEMANDING CHANGES IN THE MFA, AND MINISTERS HAVE SAID THEY WOULD SEEK CHANGES. THEY COULD NOT SHIFT THEIR POSITION UNTIL THEY HAVE GIVEN THAT EFFORT A GOOD TRY.

4. BUTLER, SPEAKING PERSONALLY, SAID THAT IF THE LDCS AND THE US STICK TO THEIR PRESENT POSITIONS, IN THE END THE UK MIGHT HAVE TO RECONSIDER ITS POSITION; BRITISH GOVERNMENT DEPARTMENTS MIGHT THEN HAVE TO SEE WHAT THEY COULD DO WITHIN THE TERMS OF THE CURRENT AGREEMENT. HOWEVER, AT THE MOMENT, BUTLER FELT IT WOULD BE TACTICALLY UNWISE, BECAUSE CERTAINLY UNFRUITFUL, FOR THE FCO TO PUSH FOR A REVISION IN THE BRITISH POSITION. WHATEVER SLIGHT HOPE THERE IS FOR A CHANGE IN THAT POSITION, HE SUGGESTED, WOULD HAVE TO REST UPON A CHANGE IN POSITION BY THE MINISTERS PRIMARILY CONCERNED,

DELL OF TRADE AND VARLEY OF INDUSTRY.

5. WE ARE SEEKING APPOINTMENTS WITH DELL AND VARLEY.

ARMSTRONG

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NNN

Message Attributes

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Control Number: n/a
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Sent Date: 24-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Executive Order: X1
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